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Viewing cable 08ATHENS1635, GREECE/CHINA: GREEKS SEE PRC AS MORE "AGGRESSIVE"

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Reference ID	Created	Released	Classification	Origin
08ATHENS1635	2008-12-05 14:57	2011-08-30 01:44	CONFIDENTIAL	Embassy Athens

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C O N F I D E N T I A L SECTION 01 OF 03 ATHENS 001635

SIPDIS

E.O. 12958: DECL: 12/03/2018
TAGS: [ECON](#) [EFIN](#) [ETRD](#) [GR](#) [PGOV](#) [PREL](#) [CH](#)
SUBJECT: GREECE/CHINA: GREEKS SEE PRC AS MORE "AGGRESSIVE"
DURING PRESIDENT HU'S VISIT

Classified By: DCM DEBORAH MCCARTHY. REASONS 1.4 (B) AND (D)

¶11. (C) SUMMARY: Chinese Embassy and Greek MFA readouts painted very different pictures of Chinese President Hu's recent visit to Athens. The Chinese saw the visit as fulfilling three goals: repaying Greece for President Papoulias' visit during the Olympics; cementing the Chinese-Greece "comprehensive strategic partnership"; and

expanding economic cooperation, including the signing of an agreement for a 35-year concession for the Chinese company COSCO to run the container terminal at the Piraeus port. The Greek MFA took a less benign view of the visit, which the GOG believed had been "imposed" on them by the increasingly "aggressive" Chinese, who insisted on Greek support for China's positions on key issues but did not reciprocate with support for the Greek position on such issues as the Macedonia name dispute. END SUMMARY.

¶2. (C) People's Republic of China President Hu Jintao paid a state visit to Greece November 24-26. This was the first visit to Greece by a PRC Head of State since 2000. Greek President Papoulias had visited China in June; PM Karamanlis last visited China in 2006. During the Athens visit, Hu met with Papoulias, Karamanlis, and the heads of the main opposition PASOK party and the Communist Party of Greece (KKE).

THE CHINESE VIEW

¶3. (C) In a readout for us of the visit, Chinese Embassy Political Counselor Liu Wei said the Chinese had three goals. The first was to repay Greece for the visit of President Papoulias to China and the support Greece had shown to China with the Olympics. Wei said it was important to the "Chinese mentality" to show gratitude. On this score, he also mentioned China's gratitude to President Bush for his support of the Olympics.

¶4. (C) The second goal was renewal of Greek-Chinese friendship. Wei said Greece and China were not allies, as Greece and the U.S. were -- China did not make such alliances with foreign governments. But Greece and China were "comprehensive strategic partners," as established in their 2006 agreement. Wei defined precisely what that meant: "comprehensive" referred to the fact that China and Greece would agree on issues across the board and not cherry pick when it was convenient. Their partnership at the same time was "strategic" because it focused on the global context and was long-term, not simply a marriage of convenience for the present. Wei said Greece was the "most adamant" supporter of the one-China policy in the EU, and China was a strong supporter of the reunification of Cyprus. Such a convergence of views, he argued, made Greece and China "natural partners." Greece was one of China's strongest advocates in the EU, and the Chinese President promised during the visit that China would never do anything to harm Greece.

¶5. (C) Expanding "pragmatic cooperation," that is, economic and business interaction, was the third Chinese goal. Wei indicated China wanted to "go global" but had had problems in securing a foothold in Western countries due to mistrust. Such mistrust did not exist in Greece, according to Wei, and increasing economic ties between China and Greece was an important step for China. Wei said that half of Chinese exports were carried on Greek-owned vessels, while 60 percent of China's oil imports arrived on Greek ships.

¶6. (C) During the visit, PM Karamanlis signed an agreement granting the Chinese firm COSCO Pacific Ltd a 35-year concession on the container terminal at the port of Piraeus. Under the agreement, which China was awarded in June and which represented the largest-ever such deal with a foreign power to control such an important aspect of the Greek economy, COSCO would pay 4.3 billion euro over 35 years and would renovate one pier and build another. Wei admitted that the Chinese saw some difficulties in managing the Piraeus operation, due both to the global economic downturn and to Greek labor unrest. Greek dock workers continued to strike at the prospect of job or salary cuts under Chinese management, though Wei said China intended to have only one Chinese national running the container operation with an otherwise entirely Greek staff. Additionally, four other minor agreements were signed, including two removing obstacles to Greek agricultural imports to China (Wei said Greek agricultural imports were quite expensive compared to

domestic Chinese products but were nevertheless necessary in the production of high-quality goods for export.) Other agreements covered cooperation between the Hellenic Telecommunications Organization (OTE) and the Chinese microchip supplier HUAWEI, and the sharing of programming

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between Chinese television CCTV and the Greek State-owned television ERT.

¶ 7. (C) Finally, when asked about potential military sales, Wei said there had been no such discussion during the visit. (NOTE: Greece has often helped cement deals or agreements in other areas through military equipment purchases. For example, at the same time that Greece was sealing the Southstream gas pipeline deal with Russia, it also agreed to purchase more than a billion dollars worth of Russian armored personnel carriers (BMPs). END NOTE.) China was "very prudent" in arms sales and did not want to upset the balance between Greece and Turkey. "Do no harm" was China's first rule in arms sales.

THE GREEK VIEW

¶ 8. (C) The Greek readout, provided by MFA A10 Directorate for Asia and Oceania deputy head Adam Adamidis, while covering the same basic territory as Wei's readout, was less positive and more cynical. Adamidis said the Chinese had "imposed" the visit on Greece, providing only a month's notice, which forced Greece to cancel or delay some other high-level meetings, such as the visit of the Cypriot President. This was in contrast to Papoulias' visit to China in June, for which the Chinese had required a year's preparation. It was not clear why the Chinese had forced their President on the Greeks at short notice, though apparently they wanted to conclude the COSCO port concession agreement as quickly as possible. Adamidis said the COSCO agreement had been stuck in the Greek bureaucracy for some time, but the visit had forced it out.

¶ 9. (C) During the visit, President Papoulias discussed most of the political topics, while PM Karamanlis confined himself to economic matters. The COSCO concession, Adamidis said, had been Karamanlis' idea. (NOTE: Press reports early on indicated that the Piraeus port concession was to be done by an open and fair competition, though as it developed politics may have played an increasingly significant role. END NOTE.) Adamidis took exception to the Chinese interpretation of the "comprehensive strategic partnership," saying that while Greece and China agreed on many things now, that certainly did not mean they would agree forever or on everything. At the same time, however, he conceded that Greece was in a "subordinate position," due to its very large trade deficit with China: 12 billion euro, plus Chinese shipyards were building 20 billion euro worth of Greek ships. Greece accordingly generally supported positions of importance to the Chinese. Adamidis noted Greek support for China's receiving Market Economy Status in the world of trade and for lifting the EU arms embargo. Also, unlike most other EU countries, Greece did not have an office in Taiwan, and Greece kept a low profile on human rights issues in China, for which the PRC was grateful.

¶ 10. (C) The Greeks clearly did not believe this show of support for China was reciprocated. Adamidis noted President Papoulias' discussion with Hu on the Macedonia name issue. He said Papoulias had told President Hu, "We support you on Taiwan, Tibet, and Market Economy Status, but we need your support on FYROM." Papoulias went on to note that Greece had been "furious" at China for being the first member of the UN Security Council to recognize "FYROM" by its constitutional name (1993). The Chinese reply was "We are going to accept any decision by the two parties for a mutually acceptable solution." The Chinese President had also warned Papoulias that if the Dalai Lama were permitted to visit Greece, it

would have a "severe impact" on bilateral relations. Adding to this list, Adamidis mentioned with some disfavor as well that in the runup to the Olympics in China, the Chinese had agreed to have Greece help with security at the games but as the event approach, "they dumped us."

¶11. (C) Summing up, Adamidis said the Chinese had become much more "aggressive" of late. A few years ago, they treated Greece with more respect, but now they sought to impose their wishes on Greece.

¶12. (C) COMMENT: Due to its subordinate economic position stemming from its trade deficit and outstanding ship-building contracts with the Chinese, Greece apparently feels compelled to support Chinese positions on a range of international issues. But Greece evidently is not getting what it thinks it deserves in return, and the Greeks do not appear happy with the relationship. PM Karamanlis may be trying to turn this situation around with the concession to COSCO on the Piraeus container port -- assuming that the MFA report is true that he and not a competitive bidding process was ultimately responsible for the Chinese getting the

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concession. As is the case with Russia, the GOG appears willing to make concessions on current business deals to secure a better position later. But whether such a strategy will work -- either with China or with Russia -- may not be clear for some time.

SPECKHARD